

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 872

March 27, 2019

**SUMMARY OF BILL:** Requires the Comptroller of the Treasury (COT) to conduct a full performance audit of the Department of Human Services (DHS) and report the results to the Chief Clerks of the Senate and the House of Representative no later than December 31, 2019.

**ESTIMATED FISCAL IMPACT:**

**Increase State Expenditures – \$1,455,800/FY19-20**

**Other Fiscal Impact – To the extent the Comptroller of the Treasury is required to stop or delay audits currently in progress to conduct the additional proposed DHS audit, the Division of State Audit would be unable to provide the required audit information to the Government Operations Joint Review Subcommittee on entities that are scheduled to terminate in 2020.**

Assumptions:

- Based on information provided by the COT, the Division of State Audit conducts an annual federally mandated *Single Audit* for determining state agencies' compliance with the requirements of federal assistance programs.
- The COT schedules *Single Audits* based on the termination date of an entity.
- The DHS is currently undergoing the 2018 *Single Audit* due to their Sunset termination date of June 30, 2022. The next scheduled audit for the DHS is spring of 2020.
- Based on information provided by the COT, the COT is currently in the progress of conducting *Single Audits* for 13 entities with Sunset termination dates of June 30, 2019.
- In order to conduct the additional performance audit for DHS as required by the proposed legislation, the COT will be required to stop audits currently in progress.
- To the extent the COT is required to stop or delay the audits currently in progress to conduct the additional DHS audit, the Division of State Audit would be unable to provide the required audit information to the Government Operations Joint Review Subcommittee on entities that are scheduled to terminate in 2020.
- The costs and fees associated with the federally mandated *Single Audit* are billed to DHS by the COT. The DHS is reimbursed with federal funding for these costs.
- The performance audit required by the proposed legislation would not be conducted pursuant to federal requirements; therefore, the costs associated with the audit may not be reimbursed with federal funding.

- Based on information provided by the DHS, single audit billings for FY18-19 totaled \$1,455,803.
- It is assumed this cost will remain constant for future audits.
- The total one-time increase in state expenditures associated with the additional audit is estimated to be \$1,455,803.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

/vlh